

## Message Text

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INFO OCT-01 EA-06 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 FEA-01 CIAE-00

COME-00 FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03

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FM SECSTATE WASHDC

TO USMISSION OECD PARIS PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY TOKYO PRIORITY

INFO AMEMBASSY CANBERRA

AMEMBASSY VIENNA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY ATHENS

AMEMBASSY REYKJAVIK

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY THE HAGUE

AMEMBASSY WELLINGTON

AMEMBASSY OSLO

AMEMBASSY LISBON

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AMEMBASSY MADRID

AMEMBASSY STOCKHOLM  
AMEMBASSY BERN  
AMEMBASSY ANKARA

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E.O. 11652: GDS

TAGS: ECON, OECD

SUBJECT: DISCUSSIONS IN OECD EPC RESTRICTED SESSION  
JUNE 16 OF US PROPOSAL FOR GROWTH STUDY

REF: OECD PARIS 14501

AS DESCRIBED REFTEL REPEATED TO ALL ADDRESSEES, OECD SECGEN VAN LENNEP EXPECTS ECONOMIC POLICY COMMITTEE'S (EPC) INFORMAL EXPANDED BUREAU MEETING, JUNE 16, TO DISCUSS FOLLOW-UP TO SECRETARY KISSINGER'S PROPOSAL FOR GROUP OF DISTINGUISHED ECONOMISTS TO STUDY GROWTH PROBLEMS. OUR PRELIMINARY REACTIONS TO QUESTIONS RAISED REFTEL ARE AS FOLLOWS:

1. WE SUPPORT THE SECRETARIAT SUGGESTION THAT THE GROUP SHOULD BE KEPT SMALL. WE WOULD WISH TO SEEK CHAIARMANSHIP OF THE GROUP BY AN AMERICAN AND ARE IN PROCESS OF FINDING DISTINGUISHED AMERICAN ECONOMIST FOR THIS POSITION. IF THE GROUP WAS AS LARGE AS 10, WE WOULD ALSO WISH TO CONSIDER THE DESIRABILITY OF A SECOND AMERICAN AS A MEMBER OF THE GROUP.

2. WE AGREE THE GROUP SHOULD BE INDEPENDENT AND MAKE RECOMMENDATIONS ON ITS OWN RESPONSIBILITY. WE BELIEVE

IT WOULD BE DESIRABLE FOR SECGEN VAN LENNEP TO APPOINT MEMBERS OF THE GROUP AFTER APPROPRIATE CONSULTATIONS AT THE REQUEST OF THE OECD COUNCIL. THE COUNCIL MIGHT REQUEST THE SECGEN TO NAME A SMALL GROUP OF DISTINGUISHED ECONOMISTS FOR THIS STUDY, IT BEING UNDERSTOOD THEY WOULD BE NAMED ON THE BASIS OF THEIR INDIVIDUAL QUALIFICATIONS

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RATHER THAN STRICTLY ACCORDING TO NATIONALITY.

3. AS TO TIMING, WE BELIEVE THE GROUP SHOULD BE PREPARED TO MAKE POLICY RECOMMENDATIONS TO THE OECD MINISTERIAL MEETING NEXT YEAR AS SUGGESTED BY SECRETARY KISSINGER IN HIS SPEECH. AS PRELIMINARY ANALYSIS OF THE EPC'S WORKING PARTY 2 (WP-2) GROWTH STUDY RECENTLY INITIATED WILL NOT BE READY UNTIL DECEMBER (OECD PARIS 11315-NOTAL),

WE BELIEVE THE GROUP OF DISTINGUISHED ECONOMISTS SHOULD NOT WAIT FOR WP-2 RESULTS BUT SHOULD BEGIN ITS WORK ON POLICY QUESTIONS AS SOON AS POSSIBLE, PERHAPS AS EARLY AS JULY. WORK OVER THE YEAR BY THE GROUP OF ECONOMISTS AND WP-2 PRIOR TO THE NEXT MINISTERIAL MEETING COULD BE COMPLEMENTARY AND MUTUALLY REINFORCING. THIS IS CONSISTENT WITH POINT IN PARA 2(E) REFTEL THAT GROUP WOULD DRAW ON MATERIAL PRODUCED BY WP-2 AS WELL AS GIVING THAT STUDY BETTER FOCUS AND GUIDANCE.

4. WE BELIEVE THE GROUP SHOULD AIM AT PRESENTING POLICY RECOMMENDATIONS WHICH COULD AFFECT DEVELOPMENTS OVER THE NEXT TWO TO TEN YEARS. ITS ORIENTATION SHOULD BE TOWARDS POLICY QUESTIONS RELATED TO NON-INFLATIONARY GROWTH POTENTIAL, NOT MERELY PROJECTIONS OF POTENTIAL PER SE.

5. WE DO NOT PLAN TO CIRCULATE ANY PAPER TO OTHER ON PROPOSAL PRIOR TO EPC MEETING.

6. ACTION ADDRESSEES SHOULD REVIEW THE ABOVE WITH APPROPRIATE HOST GOVERNMENT OFFICIALS AND SEEK THEIR REACTION. INFO ADDRESSEES MAY DRAW ON THE ABOVE AT THEIR DISCRETION IF RAISED BY HOST GOVERNMENT OFFICIALS. KISSINGER

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